

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1611 – HB 2032

February 3, 2016

SUMMARY OF BILL: Requires the Department of Agriculture (DOA) to license industrial hemp processors and distributors in Tennessee. Authorizes higher education institutions in Tennessee offering baccalaureate or post-graduate level programs of study in agricultural sciences to develop ultra-low THC content industrial hemp to be certified by the state seed certifying agency for use by licensed growers in this state. Creates a Class C misdemeanor for violation of this chapter or for any person who impedes or attempts to prevent the Department of Agriculture in fulfilling its duties.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$304,800/Recurring/Agriculture Regulatory Fund

Increase State Expenditures - \$20,000/One-Time/Agriculture Regulatory Fund
\$284,600/Recurring/Agriculture Regulatory Fund

Assumptions:

- The number of distributors and processors of hemp products that will do business in Tennessee is unknown.
- This fiscal note is based on an assumption that 600 hemp distributors and processors will be licensed annually in Tennessee pursuant to this bill.
- According to DOA, five Food and Dairy Inspector 2 positions will be required to license and inspect distribution and processing facilities, all of which will be funded from the Agriculture Regulatory Fund.
- One Food and Dairy Inspector 2 position receives a salary of \$32,904 and benefits of \$14,007 for a total compensation of \$46,911 (\$32,904 + \$14,007).
- The five new positions will incur recurring travel expenditures estimated to be \$50,000 per year.
- The recurring increase in state expenditures from the Agriculture Regulatory Fund is estimated to be \$284,555 [(\$46,911 x 5) + \$50,000].
- A one-time increase in state expenditures to the Agriculture Regulatory Fund for necessary equipment estimated to be \$20,000.
- According to DOA, an annual license fee of \$508 would be required to offset the cost of equipment and five Food and Dairy Inspector positions resulting in a recurring increase

in state revenue to the Agriculture Regulatory Fund of \$304,800 (\$508 license fee x 600 hemp distributors).

- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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